

Dominion Energy Southeast Services, Inc.  
Legal Regulatory Department  
400 Otarre Parkway, Cayce, SC 29033  
Mailing Address:  
220 Operation Way, MC C222, Cayce SC 29033  
DominionEnergy.com



May 21, 2019

**VIA HAND DELIVERY**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: Dominion Energy South Carolina, Inc.  
Request for Approval of Contract for Electric Service with Healthcare  
US Co., Ltd.  
Docket No. 2019-174-E

Dear Ms. Boyd:

Pursuant to S.C. Code Ann. Regs. 103-303 (2012), Dominion Energy South Carolina, Inc. ("DESC" or "Company") hereby files with the Public Service Commission of South Carolina ("Commission") and seeks approval of the Contract for Electric Service ("Contract") between DESC and Healthcare US Co., Ltd. ("Healthcare US Co."), with such approval to be made effective as of April 22, 2019, the effective date of the Contract.<sup>1</sup>

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FOUNDED IN JIANGSU, CHINA, Healthcare US Co. is the first publicly-traded, memory-foam mattress manufacturer in China and is now the largest such manufacturer in that country. The company has also established production operations in both Serbia and Spain, with approximately 3,600 workers worldwide. The Contract is related to Healthcare US Co.'s decision to establish new operations in Fairfield County. More specifically, Healthcare US Co. is launching its new, 650,000-square-foot facility at 1 Guardian Way in Winnsboro, South Carolina. The facility will specialize in the production of memory-foam mattresses for a variety of customers. It is DESC's understanding that Healthcare US Co. plans to invest \$45

<sup>1</sup> The Contract was executed by South Carolina Electric & Gas Company ("SCE&G"). Subsequent to the execution of the Contract, SCE&G changed its name to Dominion Energy South Carolina, Inc. on April 29, 2019. See letters dated February 20, 2019, and April 12, 2019, in Docket No. 2017-370-E, advising the Public Service Commission of South Carolina of the name change.

The Honorable Jocelyn G. Boyd  
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million and create 250 jobs in Fairfield County. The Contract continues for ten years from the effective date, unless an early termination is mutually agreed upon by the parties. The Contract is automatically extended thereafter until terminated by either party.

Due to the commercial sensitivity and proprietary nature of certain provisions of this Contract as well as the highly competitive nature of the industry in which Healthcare US Co. operates, Healthcare US Co. requested and the Company agreed to keep the terms of the Contract confidential. In accordance with the terms of the Contract, the Company and Healthcare US Co. respectfully request that the Commission find that the Contract contains protected information and issue a protective order barring the disclosure of this Contract under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 *et seq.*, S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law. Pursuant to S.C. Code Ann. Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission's discretion.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, we enclose with this letter a redacted version of the Contract that protects from disclosure the sensitive, proprietary and commercially valuable information, while making available for public viewing non-protected information. We also enclose a copy of the unredacted Contract in a separate, sealed envelope and respectfully request that, in the event that anyone should seek disclosure of this unredacted Contract, the Commission notify DESC of such request and provide it with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Contract from disclosure.

Enclosed are the following:

- (1) A true and correct copy of the original Contract in a sealed envelope marked "CONFIDENTIAL." Each page of the Contract is also marked "CONFIDENTIAL."
- (2) Ten (10) copies of a redacted copy of the Contract for filing and public disclosure.

By copy of this letter, we are providing the South Carolina Office of Regulatory Staff ("ORS") with a redacted copy of the Contract for its records. Additionally, DESC will make the original, unredacted copy of the Contract available to ORS for its review.

The Honorable Jocelyn G. Boyd

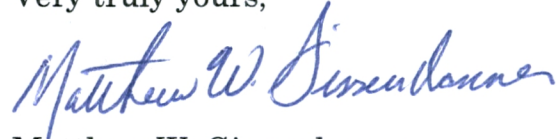
May 21, 2019

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Thank you for your assistance and consideration of this matter. If you have any questions, please do not hesitate to contact us at your convenience.

Very truly yours,



Matthew W. Gissendanner

MWG/kms

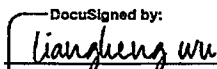
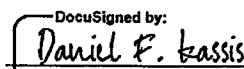
Enclosure

cc: Dawn Hipp  
Jeffrey M. Nelson, Esquire  
(all via hand delivery w/enclosure)

South Carolina Electric & Gas Company **PUBLIC VERSION** CC**CONTRACT FOR ELECTRIC SERVICE****Effective Date:** 04-22-2019**Contract No. :** E0719011**THE PARTIES HEREIN NAMED AGREE TO THE FOLLOWING****Customer's Legal Name:** Healthcare US Co., Ltd.**D/B/A:** Healthcare US Co., Ltd.**Premises Served:** Foam Mattress Manufacturing Facility**Service Address:** 2140 US Highway 321 BYP N, Winnsboro, SC 29180**Billing Address:** TBD**Initial Term Ends:** 10 Years from Effective Date; **Service Date:** See Exhibit "A" below**Minimum Notice of Termination:** 12 Months after initial term.**Supply:** 23.9/13.8 kV **Service Method:** Company-Owned Padmounted Transformer**Delivery:** 480/277 Volts, Three (3) Phase, Four (4) Wire, Wye Connected**Point of Service:** Load side of Company-Owned Padmounted Transformer**Metered Voltage:** 480 Volts; **Meter Location:** On Transformer**Billing Rate :** 23 **Contract Demand:** 1,063 kW **Maximum Capacity:** 2,500 kVA**Build-up Period:** Six (6) months **SIC:** 2515 **NAICS:** 337910**Special Provisions/Extra Facilities/Explanations:** (Acct. No. )

The purpose of this Contract is to establish service for a new customer.

*This contract incorporates all general, standard, and special terms hereafter or incorporated by reference, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the same services.*

**HEALTHCARE US CO., LTD.****By:**  DocuSigned by:  
8617560D4ACC42E...**Print:** Liangheng WU**Title:** project manager**SOUTH CAROLINA ELECTRIC & GAS COMPANY****By:**  DocuSigned by:  
0B532E3CE17C4A2...**Print:** Daniel F. Kassis**Title:** Vice President, Customer Relations & Renewables,  
Authorized Representative

CLP # E0719011

RCVD

**EXHIBIT "A"****Contract for Electric Service between SCE&G and Healthcare US Co., Ltd.**  
**2140 US Highway 321 BYP N, Winnsboro, SC 29180****I. GENERAL**

This Contract for Electric Service ("Contract") is being executed between South Carolina Electric & Gas Company ("Company" or "SCE&G") and Healthcare US Co., Ltd. ("Customer") for and on behalf of themselves, their successors and assigns, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the same services.

All provisions of the Company's Industrial Power Service Rate 23 ("Rate 23") are incorporated herein by reference and are a part of this Contract For Electric Service ("Contract") unless expressly deleted or modified herein.

Upon its initial review, Company's Corporate Credit Department has determined that the Customer currently meets Company's Creditworthiness requirement; therefore, no surety is required at this time.

Customer has plans to locate its operations in Company's service area. Customer has committed to making an initial investment of approximately \$45,000,000 for its facility resulting in the creation of 250 jobs. Customer expects to have plant operational in the first quarter of 2019 with one shift of production, then adding a second shift in the year 2021.

**II. SPECIAL CONDITIONS****Contract Rate**

Service received by the Customer at the Premises prior to the Service Date shall be in accordance with the Company's General Service Rate 9, in effect at the time of billing.

Beginning with the Service Date of this Contract For Electric Service, as defined below, and extending for the first [REDACTED] of the ten (10) year Initial Term, Customer will be billed according to a Contract Rate consisting of: 1) a Basic Facilities Charge; 2) an Energy Charge; 3) a Demand Charge; and 4) an Economic Development Incentive Credit (EDI Credit), as follows:

- 1) Basic Facilities Charge: The Basic Facilities Charge shall be the Basic Facilities Charge included in Rate 23, in effect at the time of billing.
- 2) Energy Charge: The Customer's Energy Charge shall be determined by applying the Energy Charge per kWh in the Company's Rate 23, in effect at the time of billing, to the billing kWh as measured by the Company.
- 3) Demand Charge: The Customer's Demand Charge shall be the Demand Charge in the Company's Rate 23, in effect at the time of billing, applied to the Billing Demand kW as determined by the Company.
- 4) Economic Development Incentive Credit: The Customer's monthly Economic Development Incentive Credit (EDI Credits) shall be determined by applying the EDI Credits below to the sum of the Basic Facilities Charge, the Demand Charge and the Energy Charge described above excluding specifically identified Rate Components which are identified as Riders or Adjustments which currently are in effect or which may be added in the future. The specifically identified Rate Components currently and/or scheduled to be in effect include: (1) Adjustment for Fuel and Variable Environmental Costs; (2) Demand Side Management Component; (3) Pension Costs Component; (4) Storm Damage Component and (5) Distributed Energy Resource Program.

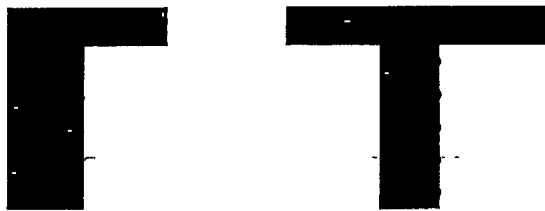
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For Customer



For Company



Customer shall notify Company in advance of the billing month to which it elects that the EDI Credits begin to apply. Notice must be provided in writing to: SCE&G – Large Customer Group, 220 Operation Way, M/C: B-102, Cayce, SC, 29033-3701 so that it is received by the Company at least thirty (30) days prior to issuance by the Company of the first invoice in which the EDI Credits will be applied. If no such notice is received, the Company will begin to apply the EDI Credits to the first service invoice issued under this Contract not later than six (6) months after the Company-owned transformer is energized and electric service first made available to the Customer (even if Customer does not take service). The EDI Credits provided above will apply to service received under this Agreement during the first [REDACTED]. Contract Year is defined as being a period of twelve (12) consecutive monthly billing cycles beginning with the first invoice in which the EDI Credit Percentage is applied.

**Service Date:**

The Service Date will be the first day of the service period included in the first invoice in which an EDI Credit is included.

Beginning in Contract Year [REDACTED], and continuing for the remainder of the ten (10) year Initial Term, billing under this Contract shall be in accordance with the Company's Rate 23, in effect at the time of billing.

**Service Facilities:**

Customer has requested and Company has agreed to install a single 2500 kVA padmounted transformer to serve Customer's initial load. Since Customer has indicated that growth in excess of 2500 kVA is a near term possibility, Company suggests that Customer install a second, loop feed concrete pad per Company's current Underground Commercial Electric Service specifications (Reference Drawing 17.02-01B) to accommodate a future transformer installation. In the event that Customer growth is anticipated to exceed the Maximum Capacity, then Company agrees to install an additional, appropriately sized transformer to accommodate the new load growth pursuant to the terms of a mutually agreed upon Contract Amendment.

In case the power needs for this site change, Company will maintain its substation and transmission line in place for a period of time at no charge to the Customer. Customer agrees to provide Company with full rights of access for maintenance and for installation/removal of equipment, as needed. Company reserves the right to remove this substation and part or all of the transmission line at its sole discretion.

**Early Termination Charges:**

Should this Contract be terminated for any reason prior to the conclusion of the Initial Term, the Company shall bill and the Customer shall pay, within thirty days of the invoice date, a percentage of all EDI Credits applied by the Company to the Customer's invoices under this Contract according to the following schedule:

<b><u>Contract Year</u></b>	<b><u>% of Total Received EDI Credits</u></b>
Year 1 through 5	100%
Year 6	80 %
Year 7	60 %
Year 8	40 %
Year 9	20 %
Year 10	10 %

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For Company

The Early Termination Charges described in this Section are in addition to any and all other termination charges provided for in this Contract, including but not limited to: the facilities termination charge described in the Standard Conditions and the demand termination charge described in the Standard Conditions.

**Full Requirements Service:**

In consideration for the aforementioned Economic Development Incentives, this Contract shall be for full-requirements service which requires that all energy and capacity be purchased from the Company except for Customer-owned power generation for emergency use by Customer as backup for its critical infrastructure and/or the installation and operation of a battery storage system. In the event of non-compliance by the Customer, Customer agrees to pay to Company an amount equal to the sum of all Economic Development Incentives applied by the Company to the Customer's invoices under the Contract. This section does not preclude Customer from participating in any of the Company's programs including its customer applicable Distributed Energy Resource (DER) or Standby Generator programs.

**Regulatory Approval:**

The Customer agrees to support the Company in its request to the Public Service Commission of South Carolina ("Commission") to protect the confidential information contained within this Contract. This Contract is subject to the approval of the Commission, and any and all provisions herein are subject to change by order(s) of the Commission and the Customer agrees to support the Company in its request to the Commission seeking approval of the Contract.

**Confidentiality:**

Customer requests and Company hereby agrees to keep the terms of this Contract confidential. Neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of this Contract to a third party except (i) in order to comply with any applicable law, order, regulation, or exchange rule; (ii) to the extent necessary for the enforcement of this Contract; or (iii) to its employees, lenders, counsel, accountants and other agents on a need-to-know basis for the analysis of business issues related to this Contract, provided such persons shall have agreed to keep such terms confidential. The existence of this Contract is not confidential.

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**STANDARD CONDITIONS**

**Supply and Use:** Company agrees to sell and Customer agrees to buy from Company all purchased electric energy, capacity, related transmission services and any related distribution services required by Customer for use on its premises covered hereunder. Resale by Customer of energy, capacity, related transmission or related distribution services is not permitted.

**Creditworthiness:** Company, in order to satisfy itself of the ability of the Customer to meet its obligations under the contract may conduct periodic reasonable credit reviews in accordance with standard commercial practices. Customer agrees to assist in these reviews by providing financial information and at the request of the Company, will maintain such credit support or surety including but not limited to, an unconditional and irrevocable letter of credit to provide adequate security for protection against the risk of nonpayment.

**Service Application, Deposit and Release:** Prior to receiving service, Customer or its Agent must: (a) Ensure that an application for service is made to Company, either in person at one of Company's commercial offices or through the Company representative coordinating the service arrangements; (b) Post a service deposit with Company (as determined by Company in accordance with S.C. Public Service Commission regulations), unless waived by Company in favor of other satisfactory assurance for payment of bills; and (c) Ensure that any inspections required by governmental authorities having jurisdiction are completed and notice thereof is given to the Company.

**Commencement of New Service:** Company and Customer shall make every reasonable effort to have their respective facilities ready for service by the **Service Date** stated on Page 1. If conditions should change, the affected party shall immediately notify the other.

**Assignment:** Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion.

**Term:** This Contract shall commence on the **Effective Date** (the date on which this contract is fully executed) and shall continue for the full **Initial Term**, unless an early termination is mutually agreed upon. Thereafter, it will extend automatically until terminated by either party giving the other a written **Minimum Termination Notice**. Billing for service rendered hereunder shall commence on the **Service Date** (the date customer contracts for service under the tariff applicable to this contract) or the date that service is first made available, whichever is later, or in accordance with terms stated under **Special Provisions**.

**Termination:** Should Customer terminate this contract and disconnect service for any reason, either during the initial term or any extension thereof unless waived as provided for herein, Customer shall pay to the Company a facilities termination charge equal to (a) the total installed cost of facilities dedicated solely for serving Customer, (b) less any Customer contribution to construction, (c) less accumulated depreciation of the facilities funded by Company, (d) less salvage value of all facilities dedicated solely for serving Customer, (e) plus the cost of removal (including any associated environmental investigation/remediation costs related to a spill or release of hazardous substances caused by Customer or those paid or incurred by the Company which were not the result of negligence on the part of the Company), all as determined by Company in accordance with its standard accounting practices; provided, however, that the termination charge shall not be less than zero. Customers who terminate prior to the expiration of the initial term or any extension thereof may also be required to pay to Company a demand termination charge equal to 90% of the maximum demand set during the term times the demand rate in effect at the time of termination times the number of months remaining in the contract period.

Company may waive a portion or all of the termination charges where (1) a successor contract is executed prior to termination of this Contract, or (2) Customer is able to furnish Company with satisfactory evidence that a successor customer will occupy the premises within a reasonable time and contract for substantially the same service facilities. If deregulation should occur during the term of this contract, the above demand termination charge, after deregulation, will be determined by appropriate governing authority(ies) rules at that time. The termination charges above shall not preclude additional termination charges approved by the SCPSC or imposed by law.

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**PUBLIC VERSION**

**Impaired Service:** Customer shall be responsible for installing and maintaining on its system such protective equipment as necessary for protecting its equipment from single phase conditions, momentary interruptions or voltage fluctuations arising from conditions on its system or from Company's supply lines. Customer shall not operate its equipment of such nature and in such manner as to impose voltage flicker, surges, or harmonics on Company's system that adversely affects the Company's system or its service to other Customers. Adverse conditions verifiable as of Customer origin shall be corrected promptly by Customer or upon Notice Company may discontinue service until the conditions are corrected. Customer agrees to keep Company equipment unencumbered and accessible at all times.

**Load Increase:** If Customer contemplates a load increase which may exceed the **Maximum Capacity** stated on Page 1, Customer shall give Company written notice of planned increase, with sufficient lead time for Company to enlarge its facilities. In such cases this Contract may be amended by mutual consent of the parties to reflect any changes in the service characteristics, applicable charges or conditions of service.

**Facility Relocation:** Should Customer request Company to relocate any of its facilities, or take any action which will require Company to relocate its facilities, Customer shall reimburse Company for the costs incurred.

**Hold Harmless:** Company and Customer do respectively assume full responsibility for the maintenance and operation of the facilities owned and/or operated by each, and each shall indemnify and except as hereafter limited, shall hold the other harmless from any loss resulting from bodily injury (including death) or damage of property arising directly or indirectly out of any negligent or willful act or failure to act on the indemnitor's part in the installation, maintenance, operation, replacement and/or removal of the facilities owned and operated by each. Neither party shall be liable to the other in any event, whether in contract, tort or otherwise, for any loss of revenue, profits, use of production, costs of capital or purchased or replacement power, interest, business interruption, claims of customers or any other incidental, indirect or consequential damages of any nature whatsoever. Customer(s) acknowledge(s) the presence of overhead and/or underground power lines and understands that contact with them could cause serious injury or death.

**South Carolina Public Service Commission:** This Contract, the **Billing Rate** referenced on Page 1, and all services rendered hereunder, are subject to the Company's "General Terms and Conditions" as approved by the Commission, and to the "Rules and Regulations" of the Commission, as the foregoing now exist or may be amended in the manner prescribed by law. The billing Rate and General Terms and Conditions are attached and made a part hereof; Rules and Regulations are made a part by reference and are available upon request. This contract is specifically intended to survive deregulation or retail access.

**Bold Print Terms:** Bold Print terms reference the corresponding completed blanks on Page 1.

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For Customer



For Company